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SUBJECT: IMF PROPOSES INCLUDING REMITTANCES IN GDP CALCULATIONS  
(ECONOMIC WEEK IN REVIEW, OCTOBER 5 - 11, 2009)

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IMF PROPOSES INCLUDING  
REMITTANCES IN GDP CALCULATIONS  
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¶1. (U) An IMF working paper has suggested adding remittances to Lebanese GDP as a way to create a more accurate representation of debt sustainability. With gross remittance inflows to Lebanon estimated at around 20% percent of GDP in 2008 (making the country one of the largest recipients of remittances as a share of GDP worldwide), adding remittances would drop the public debt to GDP ratio. Lebanon's gross public debt reached \$47.8 billion at the end of June 2009. Meanwhile, Central Bank of Lebanon (CBL) Governor Riad Salameh recently estimated GDP at \$33 billion, and noted that if remittances are added, GDP would reach \$38 billion.

CENTRAL BANK GOVERNOR: BANK  
DEPOSITS REACH \$92 BILLION  
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¶2. (U) Central Bank of Lebanon (CBL) Governor Riad Salameh publicly noted that commercial banks have been able to absorb around \$14 billion in deposits in the first eight months of 2009. With this, deposits stand at \$92 billion and \$22 billion in Lebanese banks operating overseas, he said. Salameh expected interest rates on Lebanese pound deposits and treasury bills either to fall or remain stable, and noted that Lebanon will not have any problem refinancing the public debt in 2009-2010 thanks to high liquidity in the market.

¶3. (U) Last month, prominent local economists publicly characterized increased deposits as a double-edged sword for local banks. As depositors continue to convert dollar deposits to Lebanese pounds to benefit from higher pound interest rates, bank profits will likely take a hit in 2009, while new investment opportunities are harder to find in the aftermath of the global economic crisis.

LEBANON RECORDS BEST IMPROVEMENT  
IN COUNTRY RISK WORLDWIDE  
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¶4. (U) Lebanon ranked 80th out of 186 countries worldwide in Euromoney magazine's semi-annual country risk survey, up 22 places from the previous survey in March. On a year-to-year basis, Lebanon's rank rose by 54 spots, making Lebanon's improvement the best worldwide in the past year. The survey attributed the improvement to the country's resilience to the economic crisis.

¶5. (U) The survey assesses country risk using nine categories: political risk, economic performance, debt indicators, debt in

default, credit ratings, access to bank finance, access to short-term finance, access to capital markets, and discount on forfeiting. Lebanon's score rose in six categories and remained unchanged in terms of debt indicators, debt in default, and access to bank finance.

SWINE FLU VACCINES  
TO BE AVAILABLE SOON  
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16. (U) Minister of Public Health Mohammad Khalifeh publicly noted that swine flu vaccines will be available next month. The GOL will not make the vaccination compulsory, as long as the cases are not life-threatening, he said. With the start of the school year, the Ministry of Public Health (MOPH), in collaboration with the Ministry of Education, has launched an extensive awareness campaign on how to handle the flu. In early September, the MOPH announced it will no longer track the number of people diagnosed with the flu, following the lead of other countries worldwide.

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